

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KNOX COUNTY UTILITY)	
COMMISSION FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO.
CONSTRUCT, FINANCE AND INCREASE RATES)	2002-00289
PURSUANT TO KRS 278.023)	

O R D E R

On July 31, 2002, Knox County Utility Commission (Knox Utility) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a new \$1,017,100 waterworks improvement project. This project consists of the installation of approximately 16 miles of 8-inch through 3-inch water transmission mains, a booster pumping station, a 150,000-gallon water storage tank and related appurtenances to provide service to approximately 30 new customers. Project funding consists of a \$350,000 loan from the U.S. Department of Agriculture s Rural Development (RD), a \$650,000 grant from the RD, and a \$17,100 contribution from the Applicant.

Knox Utility s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements

were met in the case on July 31, 2002, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Knox Utility is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Knox Utility's proposed plan of financing with RD is accepted.

3. Knox Utility is authorized to issue bonds not to exceed \$350,000.

4. Knox Utility shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. Knox Utility shall file its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

7. Knox Utility shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

8. Knox Utility shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Three years from the effective date of this Order, Knox Utility shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 29th day of August, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00289 DATED August 29, 2002

The following rates and charges are prescribed for the customers in the area served by Knox County Utility Commission. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

5/8 X 3/4 Meter:

First	1,000 gallons	\$13.80 minimum bill
All over	1,000 gallons	4.75 per 1,000 gallons

1 Meter:

First	4,700 gallons	\$31.38 minimum bill
All over	4,700 gallons	4.75 per 1,000 gallons

2 Meter:

First	17,650 gallons	\$92.89 minimum bill
All over	17,650 gallons	4.75 per 1,000 gallons

3 Meter:

First	28,250 gallons	\$143.24 minimum bill
All over	28,250 gallons	4.75 per 1,000 gallons

Surcharge a surcharge of \$4.00 per month is being assessed and will continue to be assessed on the Brush Creek Project customers.